

AUDIT COMMITTEE PUBLIC MEETING

Minutes of the Meeting Held on 15.03.22

Via Microsoft Teams - the Health Board has determined that the public are excluded from physically attending the Committee's meeting in order to protect public health during the pandemic.

Present	
Richard Medwyn Hughes	Independent Member (Chair)
Jacqueline Hughes	Independent Member
Lyn Meadows	Independent Member

In Attendance	
Andrew Doughton	Audit Manager, Audit Wales
Simon Evans-Evans	Interim Director of Governance
Dave Harries	Head of Internal Audit, NWSSP
Sue Hill	Executive Director of Finance
Nicola Jones	Acting Deputy Head of Internal Audit, NWSSP
Fflur Jones	Performance Audit Lead, Audit Wales
Matt Joyes	Acting Associate Director Of Quality, Patient Safety and Experience (for Minute AC22.08).
Molly Marcu	Interim Board Secretary
Simon Monkhouse	Finance Audit Lead, Audit Wales
Chris Stockport	Executive Director Transformation, Strategic Planning and Commissioning (for Minutes AC22.10 and AC22.11)
Conrad Wareham	Interim Deputy Medical Director (for Minute AC22.06)
Bethan Wassell	Statutory Compliance, Governance & Policy Manager
Tim Woodhead	Finance Director of Operational Services
Karl Woodward	Head of Counter Fraud (for Minute AC22.09)

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<p>AC22.01: Opening Business and Apologies for Absence.</p> <p>The Chair welcomed Members and attendees to the meeting. Members agreed that the meeting would be recorded for administrative/minuting purposes on the understanding that it would be deleted once the minutes were finalised / in accordance with the all Wales retention period.</p> <p>Apologies received from: Richard Micklewright, Independent Member Nick Lyons, Executive Medical Director Louise Brereton, Board Secretary. Gill Harris, Executive Director of Nursing & Midwifery / Deputy Chief Executive.</p>	
<p>AC22.02: Declarations of Interest.</p> <p>No declarations of interest were made at the meeting.</p>	
<p>AC22.03: Procedural Matters.</p> <p>The Chair presented the items and Members noted the following points:</p> <p>AC22.03.01: The Chair highlighted action 5 from the Summary Action Log (pertaining to the escalation of governance issues at YGC). Whilst Members acknowledged that the YGC Governance Concern had been escalated via the Chair's Assurance Report to the January meeting of the Health Board, there remained an outstanding question as to the outcome and subsequent actions to be taken. It was important that the Audit Committee obtained appropriate responses to matters escalated. The Interim Board Secretary suggested that the matter be reiterated within the next Chair's Assurance Report and agreed to raise with both the Chairman and the Executive Team prior to the next meeting of the Board.</p> <p>AC22.03.02: Members proceeded to review the Breach Log. Queries were raised as to the purpose/content of the report and whether this was an accurate reflection of the number of breaches, i.e. the process whereby breaches were recorded and whether there was adequate oversight. A reliance on self-referrals from Committee secretariats was not considered sufficiently robust.</p> <p>AC22.03.03: An Independent Member further noted that the purpose of the Breach Log should be to identify themes, areas of concern and minimise their occurrence. The Executive Director of Finance concurred and suggested that the length of delay and the reason for the breach should also be recorded. Whilst there may be instances where the</p>	MM

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<p>requirement for up to date information was of paramount importance and would justify a late submission (subject to prior agreement), such as Covid-19 data for example, there were other instances that were not acceptable. An Independent Member agreed and noted that this issue had also been raised by the Health Board Vice Chair (and Chair of the Quality, Safety & Experience Committee). The Executive Director of Finance advised that the issue of late papers had be raised with the Executive Team and that the Chief Executive had reiterated that Committee papers were the responsibility of the identified Committee lead Executive. The Head of Internal Audit advised Members that a review of breaches was included within the Internal Audit Plan, Q1 2022/23.</p> <p>AC22.03.04: The Executive Director of Finance advised that they would relay the Audit Committee Member's concerns back to the Executive Team and the Interim Board Secretary agreed that the process and report content would be reviewed for submission to the next meeting.</p> <p>RESOLVED: That the Audit Committee;</p> <ul style="list-style-type: none"> • approve the minutes of the meeting of the 14th of December 2021 as an accurate record; and • reviewed and noted the Public Summary Action Log; and • reviewed and noted the Breach Log; and • approve the proposed Committee Cycle of Business for 2022/23. 	MM/SH
<p>AC22.04: Issues Discussed in Previous Private Committee Session.</p> <p>RESOLVED: That the report on issues discussed in the previous Private Committee session be noted.</p>	
<p>AC22.05: Chair's Assurance Report : Risk Management Group</p> <p>The Interim Director of Governance presented the Risk Management Group Chair's report on behalf of the Executive Medical Director.</p> <p>AC22.05.01: Members observed that the quality of the paper had improved. The paper was clear and informative. The Chair queried whether there was an increase in 'deep dives' in comparison to previous activity. The Interim Director of Governance advised that the number was consistent but there was an increase in discussions around clinical risk, which had proven to be very useful.</p> <p>AC22.05.02: An Independent Member noted the inclusion of emerging risks and highlighted the benefits of horizon scanning. Members sought clarity on how the relevant Committees were sighted on this. The Interim Director of Governance advised that this would be dependent on the scoring. The risk must be qualified prior to submission and it may be the</p>	

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<p>case that the risk should be managed locally/operationally as a Tier 2. An Independent Member further queried how this related to the Health Board's Key Performance Indicators (KPIs) and oversight from the Performance team. The Interim Director of Governance advised that regular meetings between the Corporate Risk, Performance team and the Office of the Board Secretary (OBS) were in place to ensure sufficient oversight and communication.</p> <p>AC22.05.03: Members noted the <i>Capacity of the Emergency Department</i> risk and asked for further information. The Interim Director of Governance advised that this was a tier 2 risk. However, given the occurrence across the three sites, consideration would be given to escalating into a single tier 1 risk. The Interim Board Secretary further clarified that the lost to follow up risk had been identified as a result of consolidating a few associated risks (that were not necessarily tier 1 level) as well as the limited assurance audit opinion on waiting list management, which highlighted some data quality issues.</p> <p>Work was underway to ensure triangulation of information (as part of the joint meetings between the Office of the Board Secretary and Risk Team) and would be taken in to account as part of the Board Assurance Framework (BAF) update. There was a specific risk relating to urgent care on the BAF, and this was updated to include capacity gaps in the Emergency Department as gaps in assurance .</p> <p>RESOLVED: That the Audit Committee noted and received the Chair's Assurance Report: Risk Management Group</p>	
<p>AC22.06: Board Assurance Framework and Clinical Audit Plan Verbal Update</p> <p>AC22.06.01: The Interim Deputy Medical Director joined the meeting and provided a verbal update on the Clinical Audit programme for 2022/23. The pandemic, alongside staffing vacancies, had significantly affected progress. However, the intention was for the plan to be submitted to the May 2022 meeting of the Quality, Safety & Experience (QSE) Committee in May 2022 and then the June 2022 meeting of the Audit Committee. The Chair expressed concern as to the flux in operational leadership / ownership and observed that both the Tier 1 and Tier 2 audits should be in place, this was a serious concern for the Committee. The Chair further noted that Audit Wales had similarly expressed concern as to the Health Board's lack of a plan. The Interim Board Secretary advised Members that a draft plan had been received by the Clinical Effective Group but required further refinement, specifically in relation to alignment with significant clinical risks.</p> <p>AC22.06.02: The Interim Board Secretary proceeded to provide Members with an overview of the work underway to refresh the BAF. All 21 risks had been reviewed individually with the responsible Executive</p>	

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<p>and a proposal was in development to determine which risks remained relevant. A Workshop was planned for April 2022. Members concurred that there was a requirement to align the BAF with the Health Board's risk appetite and Integrated Medium Term Plan (IMTP). (The Interim Deputy Medical Director left the meeting).</p> <p>RESOLVED: That the Audit Committee noted the Board Assurance Framework and Clinical Audit Plan Verbal Update.</p>	
<p>AC22.07: Standing Orders And changes to the SORD.</p> <p>AC22.07.01: The Interim Board Secretary presented the item and advised that the operational arrangements would remain extant as necessary pending the implementation of the new operating Model, wherein any further changes would again be submitted for review and endorsement to the Audit Committee.</p> <p>AC22.07.02: An Independent Member drew the Committees attention to the proposal that the Performance, Finance and Investment Committee (PFIG) was delegated an authority limit of £850,000k for signatory of business cases. The Interim Board Secretary advised Members that this proposal was to enable the Board to focus on strategic matters with appropriate delegation to a Committee. It would also reduce the number of, and the risks associated with, the requirement to take Chair's Action on decisions. The Independent Member noted this though suggested that further discussion, alongside the Auditors, was required.</p> <p>AC22.07.03: The Head of Internal Audit agreed further discussion was necessary. There was a risk that in providing a Committee with a delegated limit, it would become involved in operational decision-making. Whilst it was accepted that this might streamline decision making, it did provide for possible conflict and raised the question as to the Executive role in decision making. There was ambiguity as to how this related to the delegated limit of the Chief Executive. The Interim Board Secretary noted that their understanding was that the Chief Executive was unable to sign off a business plan independently / in isolation but would confirm and report back to the Committee.</p> <p>AC22.07.04: An Independent Member agreed and queried the position of the Charitable Funds Committee, which had the ability to grant monies. Further clarity was required. The Interim Board Secretary clarified that this particular aspect of the SORD had not been amended from the previous version, but would be incorporated into a further review ahead of Board.</p>	<p>MM</p> <p>MM</p> <p>MM</p>

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<p>AC22.07.05: The Executive Director of Finance noted that by failing to delegate appropriately, this could inhibit the effectiveness of the Board and its strategic objectives. It was important to obtain the right level of materiality. The Interim Director of Governance concurred with the importance to streamline decision-making and a discussion ensued as to the process nationally. The Interim Board Secretary advised that this was best practice that had been discussed with Welsh Government and was pending confirmation on whether this could be standardised on an all Wales basis.</p> <p>AC22.07.06: The Finance Director of Operational Services noted that the Health Board was in the process of approving the new Operating Model. There would be a requirement for further revisions to the SORD to reflect new operational management structures.</p> <p>AC22.07.07: The Interim Director of Governance drew Members attention to section 2a, <i>calling meeting of the LHB</i>. It was suggested that this should be delegated to the Vice Chair rather than the Board Secretary. The Interim Board Secretary and the Finance Director of Operational Services agreed to discuss and ensure this reflected best current / practice.</p> <p>AC22.07.08: Members concluded by agreeing to endorse the proposals subject to further discussion as to Committee delegated limits and the approval of the proposed new Operating Model by the Board</p> <p>RESOLVED: That the Audit Committee noted and endorsed the updated SORD for Board approval, subject to the provisions/actions noted above.</p>	MM / TW
<p>AC22.08: Schedule of Financial Claims (Public)</p> <p>AC22.08.01: The Acting Associate Director Of Quality, Patient Safety and Experience joined the meeting and presented the item. Members noted that the report had been summarised / anonymised to protect patient identifiable information.</p> <p>The Acting Associate Director Of Quality, Patient Safety and Experience left the meeting.</p> <p>RESOLVED: That the Audit Committee received and noted the report.</p>	
<p>AC22.09: Policies for Consent</p> <p>AC22.09.01: The Interim Board Secretary provided members with an overview of the revised Standards of Business Conduct Policy. An</p>	

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<p>Independent Member sought reassurance that all of the findings / recommendations from the recent Internal Audit Limited Assurance report had been considered and addressed. The Interim Board Secretary confirmed this to be correct and drew Members attention to process improvements that would support the implementation of, and compliance with, the revised policy. Of particular note was the importance of internal reporting frequency and staffing resilience with the OBS to ensure the associated processes were embedded. Members further noted that the requirement to appropriately declare interests, gifts and hospitality was a provision within the all Wales NHS employment contract. The Head of Counter Fraud confirmed that the Counter Fraud team had been consulted on the review and provided comments on the revised policy.</p> <p>AC22.09.02: An Independent Member noted the reference to an Appendix within the coversheet report that was not included. The Interim Board Secretary advised that this was a summary of the Internal Audit recommendations and would circulate this outside of the Committee.</p> <p>AC22.09.03: Members agreed that it was extremely important that all employees were fully appraised of their responsibilities and the need to declare interests, gifts and hospitality. The subject area could be complex and the policy was lengthy. The Interim Board Secretary advised that a meeting with the Corporate Communications team was scheduled and a plan for a 'Frequently Asked Questions' summary was in development. In addition, the current system provided examples of different types of Interests and explanations of key terms such as 'controlling interest'. The Chair further noted that simplicity in the process was also important to ensure staff engagement. The system should be as user friendly and easy to navigate as possible to encourage declarations.</p> <p>AC22.09.04: The Head of Internal Audit observed that there remained an overlap between the Standards of Business Conduct Policy and the <i>WP6 Code of Conduct (Disciplinary Rules and Standards of behaviour)</i>. There may be an opportunity to merge both documents that would aid employee awareness / understanding of the associated responsibilities and the potential repercussions of non-compliance.</p> <p>AC22.09.05: An Independent Member highlighted the importance of providing standard narrative within all Health Board Written control Documents to ensure all staff groups and workers were incorporated into the scope of applicability.</p> <p>RESOLVED: That the Audit Committee approve the:</p> <ul style="list-style-type: none"> • Periodic review of the Standards of Business Conduct Policy and; • Periodic review of the Counter Fraud Policy 	<p>MM</p> <p>BW</p>

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<p>AC22.10: Internal Audit</p> <p>AC22.10.1: The Executive Director Transformation, Strategic Planning and Commissioning Joined the meeting. The Acting Deputy Head of Internal Audit presented the Progress Report. Of particular note was the KPI decline detailed in table 3, with regard to report turnaround. The timely issue of Management Responses was a critical factor to ensure the Internal Audit Opinion could be delivered in time.</p> <p>AC22.10.2: An Independent Member noted that this was a concern for the Committee and queried as to the reports awaiting Executive approval. The Deputy Head of Internal Audit noted that one delay had been incurred due to the initial response being recalled – the Executive and Operational leads were not satisfied with their original submission noting that organisational change had meant that it was no longer appropriate. The Independent Member accepted that whilst still a concern, it was equally important that any Management Responses were realistic and fully addressed the findings to deliver improvements.</p> <p>AC22.10.3: The Head of Internal Audit affirmed the importance of timely Management Response. Delays inevitably disrupted planned work and it would be necessary to formally write to the Chief Executive to highlight concerns. However, the Head of Internal Audit did wish to formally record their thanks to both the Interim Board Secretary and the Executive Director Transformation, Strategic Planning and Commissioning for their support in clearing their final reports. The Chair noted the comments and agreed that the concerns should be flagged to the Executive team.</p> <p>AC22.10.4: The Executive Director Transformation, Strategic Planning and Commissioning noted the concerns and offered apologies for the associated delays. The Executive Director Transformation, Strategic Planning and Commissioning went on to provide Members with an overview of Integrated Service Boards and the associated challenges and variations. Members agreed that the report was timely and that the outcomes and learning should be integrated in to the implementation of the new Operating Model.</p> <p>AC22.10.5: Members proceeded to discuss the Standards of Business Conduct limited assurance review. The Interim Board Secretary highlighted the specific risks associated with non-compliance. In addition to breaching applicable legislation, there was also a risk of reputational damage as well as incomplete/inaccurate register of interests and related party transactions disclosure within the 2021/22 annual accounts.</p> <p>AC22.10.6: As noted earlier on in the meeting, the Standards of Business Conduct Policy had been reviewed. Members further noted that the Health Board was exploring procurement options for a new</p>	<p>MM</p>

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<p>system that would provide superior monitoring and reporting functionality. The intention was to have this implemented by the 1st of April. Members were informed that one of the forthcoming priorities was gifts and hospitality, as the volume of declarations were significantly lower than expected, for an organisation of its size.</p> <p>The Interim Board Secretary concluded by emphasising the importance of devolved ownership via designated governance leads. There would be a requirement to review and refresh those identified to ensure operational ownership and management in addition to Corporate oversight.</p> <p>AC22.10.7: The Head of Internal Audit concurred with the concerns raised both by the review and by Members during the Policy review discussion. There were concerns as to the low number of declarations that suggested that gifts & hospitality were not being routinely reported. The Finance Audit Lead, Audit Wales further added that this had also proven to be a concern during the 2020/21 financial audit of accounts and would likely be an area of risk within the ISA260 report for the current financial year.</p> <p>AC22.10.08: The Chair reiterated their previous comments and stressed again that there was a need to ensure that the process was made as simple as possible. The existing system could be cumbersome and the improvements would be welcome.</p> <p>AC22.10.09: The Chair drew Members attention back to the Progress report in order to raise the importance of being able to evidence improvements given the Health Boards position and relatively recent removal from Special Measures. Whilst both the Learning Lessons and the Targeted Intervention (TI) review had returned a 'reasonable' assurance rating, there were still areas that required addressing. Notwithstanding a 'reasonable assurance' rating, it was of high importance that the Chief Executive was aware of any areas that required further improvement.</p> <p>An Independent Member noted that the Terms of Reference for the TI Steering Groups had been raised at the March Board meeting. The Interim Director of Governance clarified that the TI Steering Group Chair's reports had been submitted to the Board from the last two meetings.</p> <p>The Chair acknowledged this, and reiterated the requirement to reaffirm the Audit Committee's concerns to include any outstanding risks associated with the two reviews as well as the quality and timeliness of Management Responses.</p> <p>RESOLVED: That the Audit Committee:</p> <ul style="list-style-type: none"> • Received and discussed the Internal Audit Progress Report and; • Reviewed and approved the Internal Audit Plan and; • Received and discussed the Limited Assurance Reports. 	<p>MM</p>

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<p>AC22.11: Audit Wales</p> <p>AC22.11.01: The Finance Audit Lead, Audit Wales provided an overview on the Financial Audit work undertaken to date. The majority of the information had been provided by the BCUHB Finance team and Auditors were working their way through. The intention was that the Accounts would be submitted on the 15th of June 2022</p> <p>AC22.11.02: The Audit Manager, Audit Wales advised Members that the normal cycle of business would have included the submission of the Audit Wales Plan. However, this had not yet been finalised and there would be a requirement to circulate outside of the meeting. The Audit Manager, Audit Wales concluded by advising that they would circulate a link (Consultations Audit Wales) to a consultation that was seeking views on the Auditor General's Work Programme.</p> <p>AC22.11.03: Members proceed to discuss the Quality Governance Review and were pleased to note a proactive approach to quality a quality improvement strategy. Whilst there were areas for improvement, BCUHB were not an outlier in this respect. The Audit Manager, Audit Wales concluded by expressing thanks to those involved in the review.</p> <p>AC22.11.04: An Independent Member observed that the report was extremely comprehensive and very important, with 'quality' being one of the core values of healthcare. However, there was a question as to the quality of the Management Response. The Independent Member observed that many of the recommendations were listed as 'closed' with limited information or explanation and did not fully address the recommendation. The Independent Member queried whether the Management Responses were being completed by the right people and whether sufficient time was being taken in order to provide quality responses.</p> <p>AC22.11.05: The Executive Director of Finance agreed with the observation - it was also important that responsible authors were afforded sufficient time to fully document the measures taken by the Health Board in addressing improvements.</p> <p>AC22.11.06: The Chair expressed that it was extremely disappointing to note that an adequate response had not been provided. The Interim Board Secretary agreed and suggested that the process be reviewed and enhanced in line with the three lines of defence model. Members agreed that this would be a useful measure to mitigate similar reoccurrences but reiterated that action was required for the existing report. The Interim Board Secretary agreed to take the Committee comments back to the Executive team and oversee the revision of the report's management responses.</p>	<p>MM</p>

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<p>AC22.11.07: The Audit Manager, Audit Wales concluded by providing Members with an overview of the Commissioning Care Home Placements reports. Members noted that the Public Accounts Committee may consider the issue at a future date. Members were pleased to note that the coordinated Management Response submitted by the Health Board and local authorities had been well received by Audit Wales.</p> <p>RESOLVED: That the Audit Committee receive and discussed;</p> <ul style="list-style-type: none"> • The Auditor General's Progress Report and; • The review of Quality Governance and; • The Commissioning Older People's Care Home Placements report and; • Commissioning Care Home Placements, BCUHB Management Response. 	
<p>AC22.12: Issues of Significance for reporting to Board</p> <p>There were no new matters of significant to report to the Board. Members agreed to escalate to the Chief Executive the matter of delays in management responses to internal audit reviews, resulting in a decline in the response rate 43%.</p> <p>RESOLVED: That the Chair of the Audit Committee prepare the Chair's Assurance Report for submission to the Board</p>	MM
<p>AC22.13: Date of Next Meeting: 13/06/22</p>	
<p>AC22.14: Exclusion of Press and Public</p> <p>RESOLVED: That representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest in accordance with Section 1(2) Public Bodies (Admission to Meetings) Act 1960.</p>	